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Colombia

Oilseeds and Products

Reduction in Colombian Duties Likely to Increase

Demand for U.S. Soybeans, Soy Products, and

Tallow

2000

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Report Highlights: In a development that should increase demand in Colombia for U.S. soybeans, soy products and tallow, the Government of Colombia capped applied duties on soybeans, soybean products and tallow at 40 percent.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Bogota [CO1], CO

In a development that should increase demand in Colombia for U.S. soybeans, soy products and tallow, Decree 2650 of December 24, 1999 capped import duties at a maximum of 40 percent. Currently, 147 agricultural products in thirteen product categories are subject to a variable levy under the Andean Community price band system, in addition to the basic duty. The decree effectively caps the total import duty (basic plus variable levy) at the 40 percent for the products listed below. This step was taken unilaterally by Colombia, after negotiations to reduce the duties with the Andean Community were unsuccessful.

Over the past year, the duty applied to the CIF price (basic duty plus the variable levy) for soybeans has fluctuated between 35 and 72 percent, however, was above 60 percent for much of 1999. For soybean oil, the applied duty varied from 20 to 80 percent, but was generally near 80 percent. For soybean meal, the duty varied from 35 to 72 percent in 1999, but was usually around 60 percent. In the case of tallow, variation was dramatic in 1999, ranging from 2 percent in January to a high of 93 percent in August.

It is important to note that the 40 percent duty is a cap on the applied duty, and that duties could fall below this level, depending on reference price under the Andean Community price band system. Although duties in 1999 were at times below the new capped rate, the predictability of a maximum duty is very much welcomed by domestic industries. The Colombian crushing/refining and feed industries have been lobbying for a lower duties, in order to be competitive in the domestic market with imports from Venezuela and Bolivia. Because of lower import duties on soybeans, Venezuelan soybean products regularly find their way into Colombia, after having been processed from soybeans imported from third countries, including the United States.

According to the Colombian trade, the Government of Bolivia has complained to the Andean Community about the reduction, since it reduces Bolivia's competitiveness in the Colombian market. As a member of the Andean Community, Bolivia has duty-free access to Colombia, however, transportation costs from Bolivia are considerably higher. The lower duty on imports from non-Andean Community countries, will put the landed cost (transportation plus duty) of U.S. soybeans below that of soybeans from Bolivia. Given the better quality and reliability of supply of U.S. soybeans and scarce supply availabilities from Bolivia, the U.S. should enjoy a considerable market advantage in Colombia this year.

A listing of products subject to the 40-percent cap by HS code follows:

HS Position	Product Description
12.01.00.90.00	Soybeans other than planting seeds
12.02.10.90.00	Peanuts other than planting seeds
12.02.20.00.00	Hulled peanuts
12.05.00.90.00	Rapeseed
12.06.00.90.00	Sunflower seeds
12.07.40.90.00	Sesame seed

12.07.99.90.00	Other oilseeds
12.08.10.00.00	Soybean flour
12.08.90.00.00	Other oilseed flours
15.01.00.10.00	Lard and pork grease
15.01.00.30.00	Poultry grease
15.02.00.11.00	Denaturalized tallow and animal greases
15.02.00.19.00	Other animal greases
15.02.00.90.00	Other bovine, sheep, goat grease
15.03.00.00.00	Animal oils
15.06.00.10.00	Other animal fats and oils, even chemically modified (Soapstocks)
15.06.00.90.00	Other animal fats and oils
15.07.10.00.00	Unrefined soybean oil
15.07.90.00.10	Denaturalized soybean oil
15.07.90.00.90	Other types of soybean oils
15.08.10.00.00	Unrefined peanut oil
15.08.90.00.00	Refined peanut oil
15.11.10.00.00	Unrefined palm oil
15.11.90.00.00	Refined palm oil
15.12.11.00.00	Unrefined sunflower oil
15.12.19.00.00	Refined sunflower oil
15.12.21.00.00	Unrefined cottonseed oil
15.12.29.00.00	Refined cottonseed oil
15.13.11.00.00	Unrefined coconut oil
15.13.19.00.00	Refined coconut oil
15.13.21.10.00	Unrefined palm kernel oil
15.13.29.10.00	Refined palm kernel oil
15.14.10.00.00	Unrefined rapeseed oil
15.14.90.00.00	Refined rapeseed oil
15.15.21.00.00	Unrefined corn oil
15.15.29.00.00	Refined corn oil
15.15.30.00.00	Castorseed oil
15.15.50.00.00	Sesameseed oil
15.15.90.00.00	Other vegetable oils
15.16.20.00.00	Other refined and unrefined vegetable oils
15.17.10.00.00	Margarine
15.17.90.00.00	Other oil and grease preparations
15.18.00.10.00	Linolein (from flaxseed)
15.18.00.90.00	Modified vegetable oils
23.01.20.10.00	Meat meal
23.04.00.00.00	Soybean meal
23.06.10.00.00	Cottonseed meal
23.06.30.00.00	Sunflower seed meal

23.06.70.00.00	Corn gluten meal
23.06.90.00.00	Other meals
38.23.11.00.00	Stearic acid
38.23.12.00.00	Oleic acid
38.23.13.00.00	Tall oil
38.23.19.00.00	Other acids

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